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STRATEGIC PLANNING AS A TOOL FOR BUSINESS SURVIVAL

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ABSTRACT

Businesses today face a myriad of challenges in an effort to make and sustain profits. The environment of conducting business has changed significantly compared to the early 1960s and 1970s but still the situation currently is not static. Interventions and innovations come up every day and this makes the environment very unpredictable. For any organization to survive therefore, it has to formulate and implement a solid plan that withstands the business dynamics and keeps it in a competitive and profitable position. This is why managers are encouraged to adopt strategic planning for their organizations. This study discusses the importance of strategic planning to an organization and the need for management to have a strategic approach in how they view the operations. It illustrates how Strategic thinking leads to strategic planning and upon implementation, how strategic management influences firm performance. Various approaches to strategic planning are examined and the key areas identified and analyzed to show how effective strategic planning enables the survival of a business.

Key words*: Competitive position, Strategic Planning, Strategic Thinking, Performance, Business Dynamics, Survival*

INTRODUCTION

WHAT IS STRATEGIC PLANNING?

Strategy is a plan of action that channels an organization's resources so that it can effectively differentiate itself from competitors and accomplish unique and viable goals. The process of strategic planning provides a formal structure in which managers analyze the company's internal and external environments, define the company's vision and mission, set corporate objectives, quantify goals, formulate strategies and make tactical plans.

According to Rezvani, Gilaninia & Mousavian (2011), strategic planning is a means of monitoring a rapidly changing environment and taking effective decisions and action based upon that monitoring and has been around for centuries in the form of military strategy.

The current business environment which is dynamic and unpredictable necessitates strategic planning for organizations.

Rezvani further states that in times of uncertainty, managers need a way a mechanism, a procedure, a methodology to monitor and react to the environment. Strategic planning is that methodology. It is essential to remember that strategic planning is a process, not a product. It is ongoing and permanent (Carter, 1999). In fact, Strategic planning is a generally pursued as a rational undertaking to reduce the firms' performance uncertainty through trade-off decisions from controversial choices (Karnani, 2006). It determines end goals to be achieved and strategies for accessing, allocating, and managing resources to achieve predetermined goals.

It should however be noted that strategic planning is not only a reaction to environmental changes but is also used as a way to position an organization such that it makes profits. It can be a deliberate plan to improve business performance in future. An example is a local bank like Equity Bank Kenya could have a strategic plan to be the leading financial institution in the region. This will involve deliberate actions of allocating resources so as to open branches in other countries in the region like in Uganda, Tanzania, Rwanda and Somalia.

Strategic planning is done with foresight and in an organized process. The purpose of strategic planning, according to Rezvani is helping organizations to gain competitive advantage.

According to Crosby (1991), strategic planning is more than a set of managerial tools, but rather it constitutes a mindset or approach to looking at the changes in the internal and external environment that confront the manager. Using planning and management tools strategically, then, involves essentially a way of thinking, a men l frame work or approach, as well as a set of analytic tools. For strategic management to be effectively used the manager must develop a strategic mentality or outlook.

Several writers as quoted by Sosiawani, Ramli, Mustafa & Yusoff (2015) however opine that strategic planning is more than a management tool. Strategic planning has been more important for the organization to deal with the changing of so many aspects of life which make strategic planning more crucial for a longer business life and competitiveness (Al-Shaikh, 2001). Stone house and Pemberton (2002, p. 854), state that strategic planning is a "center on the setting of long-term organizational objectives and the development and implementation of plans designed to achieve them". Daft (2012, p. 180), International Academic Research Journal of Business and Technology 1(2) 2015, Page 201-207203describes that planning is "the act of determining goals and defining the means for achieving them and planning helps managers think toward the future rather than thinking merely in terms of day-to day activities".

Sosiawani et al (2015) concludes that strategic planning is the process to determine the long-term goals and the objectives of the organization and determine the guidelines and procedures to attain them.

NEED FOR STRATEGIC PLANNING

Given the current complex situation of business, time and uncertainty play a major role in strategic planning. Organizations strive to improve their capabilities by filling their knowledge and skills gaps so as to cope. They formulate strategies that will assist them adapt to customer needs and external environment. When strategic planning is done well, the company is bound to gain competitive advantage.

However, with strategic planning, future state is not predicted, but in turbulent environments, strategic planning can help organizations to think strategically and develop effective strategies. It helps develop a coherent and defensible basis for decision making as well as improving organizational performance. Companies are able to deal effectively with rapidly changing circumstances, anticipate future problems and opportunities and build teamwork and expertise. The employees working in the company need a clear direction in terms of the future, goals and objectives. A good strategic plan will offer direction hence boosting motivation and satisfaction.

Strategic planning helps in generating information, ensuring thorough consideration of all feasible options, forcing the company to evaluate its environment, stimulating new ideas, increasing motivation and enhancing internal communication and interaction (Sosiawani et al, 2015) Strategic planning enables both small and large businesses to capitalize on the opportunities that lie in the future and be able to prevent any threats arising. Drucker (1985), additionally points out that every business needs a strategy and to be develop firms, even smaller business as well. The study by Kraus et al., (2009, p. 3), illustrated that "strategic planning is the attempt to prepare for future contingencies and thus to account for environmental dynamics and complexity". In this regard, Miller and Cardinal (1994), claimed that strategic planning is equally beneficial in the SMEs and large companies in term of encouraging for a better performance. Previous studies have also shown that strategic planning has a strong relation to the firm's financial success (Katz and Green, 2007; Wheelen and Hunger, 2008). The similar finding is also proposed by Sexton and Auken (1985), who believed that firms with lower levels of strategic planning have a higher percentage of failure as compared to those with higher levels of strategic planning. This implies that strategic planning assists firm to survive. Furthermore, the importance of strategic planning for the business is also shown by Signhvi (2000), who highlighted that the key success of firms is by having proper strategic planning.

There is need to design strategic planning systems to fit particular organizations and their unique contexts. Therefore, to succeed in such competitive markets, having a strategic planning is obligatory. Strategic planning is defined as the process of determining an organization's long-term goals and then identifying the best approach for achieving those goals (Lisinski and Saruckij, 2006). In fact, innovative and unique strategies which are the result of strategic thinking must be operationalized through convergent thinking or in other words, strategic planning (Moshbekiand Khazaei, 2009). Strategic planning provides a framework for steering operations in the desired direction over the future (Barton, 1988) and it is often used as a way to introduce a period of change, assessment, and self-identification (Stephan, 2010). Strategic planning is in business like a map for a rally driver (Isoraite, 2006) and it is now a powerful tool for organizations to cope with an uncertain future (Duncan, 1990). An organization without a strategic planning in unpredictable and uncertain environments will lose the way and cannot fulfill its mission. Although, strategic planning has a series of limitations and restrictions, but using it properly by thoughtful managers can cause impressive and positive results. Reported case studies indicate that organizations using the principles of strategic planning are by far in better condition in marketing, profitably and beneficiation (Rhee and Mehran, 2006; Terziovski et al., 2003) and also organizations that embrace strategic planning are better able to pursue growth opportunities in a time of crisis (Wilson and Eilertsen, 2010). It should be noticed that successful strategic planning is dependent upon broad-based support and participation by organizational constituents (Welsh et al., 2006) hence, presenting the necessary training and education to managers about strategic planning is vital. Hereby they will be able to strengthen strategic insight and thinking in the organization, therefore they do not remain in the present time and pay attention to distant horizons too.

A good strategic plan, however does not guarantee success. Implementation is the major factor of success. Management must be willing and ready to support implementation of the plan. Resources must be allocated adequately and management should have a 'bigger picture' attitude. Any challenges arising during implementation must be dealt with instantly to make sure the company is in the right track. Uchumi supermarket had a strategic plan with an aim of being the leading retail stores chain in the region. Implementation of this plan however faced some hurdles. Many new branches were opened without considering ability to sustain them. Allegations of insider trading also arose. Management of Uchumi should have dealt with these challenges in due course as opposed to continue blindly implementing the plan. This could have prevented its downfall.

STRATEGIC PLANNING AND STRATEGIC THINKING

According to Rezvani et al (2011), there is a clear distinction between strategic planning and strategic thinking, contrary to popular belief. The writer argues that in the early 1960s managers viewed strategic planning as the only way to devise and implement strategies that would enhance competitiveness. This involved separating thinking from doing.

Strategic planning is viewed as the breaking down or analysis of goals or intentions into specific and well-coordinated steps that are implemented seamlessly. The resultant consequences of these actions should also be clearly communicated.

Strategic thinking on the other hand involves intuition and creativity. As quoted by Rezvani et al (2011), the outcome of strategic thinking is an integrated perspective of the enterprise, a not-too-precisely articulated vision of direction (Mintzberg, 1994). In fact, strategic thinking implies on understanding the dynamism of environment and capability to see future and the effective presence of organization for gaining continued success over time (Rezaian, 2008). According to Mintzberg, promoting strategic thinking leads to the formulation of better strategies. He believes that managers who have capability of strategic thinking are able to encourage staff for finding innovative solutions to achieve success for organization (Moshbeki and Khazaei, 2009). Thus, strategic thinking should precede strategic planning' (Heracleous, 1998). Strategic planning is a series of concepts, procedures and tools that are designed to help leaders, managers and planners to think and act strategically. Then, strategic planning is not a substitute for strategic thinking, but both interact with each other in a dialectic process and both of them are essential to effective strategic management (Moshbeki and Khazaei, 2009). Moreover, given that strategic planning's sole purpose is to improve strategic performance, improving, assessing and monitoring the effectiveness of the strategic planning process would appear to be a key managerial task (Phillips and Moutinho, 1999).

Crosby (1991) does not entirely agree with this approach. According to him, strategic planning and management are iterative processes and managers will be continuously involved in cycles of strategic planning as they manage policy implementation. He posits that managers must adopt a strategic mentality or outlook to succeed in strategic planning. The process according to him involves planning up to design of strategy alternatives and implementation. There is no difference therefore between strategic thinking and planning.

It will preferable if both approaches are merged. For effective planning to take place, there has to be adequate thought processes involved. A local example can be Safari com, which is a leading telecommunications company. They took time and planned their strategy to win the Kenyan market and also expand to other countries. One of their core competencies is advertising and marketing strategies. Their success shows that a lot of thinking has been applied and this goes hand in hand with their strategic plan implementation. New products are being launched frequently, the latest being Fuliza which is a credit application. It is therefore in order to say that strategic thinking should be applied during and hand in hand with strategic planning.

STRATEGIC PLANNING AND STRATEGIC MANAGEMENT

Despite the need for strategic planning and management, there is a certain degree of confusion regarding these terms. Purposefully or in advertently ,the two terms are often used interchangeably—which then leads to confusion regarding the appropriate usage of each(Crosby,1991.) He further states that the distinction between strategic planning and strategic management rests primarily on where one ends the process or the emphasis one puts on particular parts of the process. As might be inferred, strategic planning places more emphasis on the development of the strategic plan and often “assumes” implementation. Strategic management specifically includes and emphasizes implementation.

Practically, it is possible to develop a strategic plan without caring much about how it will be implemented. This is the undoing of many organizations presently. Strategic plans are made just to fulfill requirements but management are not really interested in their implementation. An indicator of this is that many companies hire consultants to draft these plans and are not keen on what kind of work is done. This has resulted in poor plans or good plans that are not applicable or achievable. The nature of business environment currently will however make it difficult for an organization to operate strategically without having developed a strategic plan.

Rezvani et al (2011) provides a different view regarding the relationship between strategic planning and strategic management. He says that there is no distinction between strategic planning and strategic management but rather implementation is part of the strategic planning process. The steps of strategic planning process as quoted from Rezain (2018) include formulation of mission, goal setting, evaluation of environment, strategy formulation, strategy implementation and evaluation. These steps clearly show that implementation is part of the strategic planning process.

STRATEGIC PLANNING AND FIRM PERFORMANCE

Sosiawani(2015) has quoted Daft (2010) to define organization or firm performance as the ability ofan organization to utilize its resources (e.g. knowledge, people, and raw materials) to achieve organizational goals in effective and efficient way. Organizational performance can be measured using financial or non-financial criteria. Financial performance involves determining profitability, growth of organization and market value while non-financial measures include customer and employee satisfaction, innovation, quality and reputation.

There is a strong relationship between strategic planning and organizational performance. Sosiawani (2015) has quoted seminal work by various authors on strategic planning and its contribution for better performance of organization. Aldehayyat and Twaissi (2011), has proven that the relationship between strategic planning and firm's performance is positive and significant in the Middle East context. Schwenk and Shrader (1993), through their meta-analysis study, found that, there were positive relationship between strategic planning and firm performance. Evidences from previous research has showed that there are other dimensions of strategic planning that have been found to have positive relationship with the firm's performance.

Firstly, the formality of the strategic planning. Studies proved that formality of planning has positive relationship with firms' performance (Glaister, Dincer, Tatoglu, Demirbag & Zaim, 2008; Kraus et al., 2006; Suclev & Debarliev, 2012). Secondly is the tools of strategic planning, where this is one of the dimensions believed to be able to increase the efficiency and effectiveness of organization planning (Rue & Ibrahim, 1998; Kraus et al., 2006). Previous scholars believed that by employing tools of strategic planning, it would be possibleto achieve better performance (Aldehayyat & Khattab, 2013). Thirdly, based on the evidence of previous research, there is also positive relationship between employee participation and firm's performance (Suclev & Debarliev, 2012). It is believed that employee's participation on strategic planning will be able to contribute to the effectiveness of the development of strategy and will in turn, lead to better effectiveness of implementation (Collier, Fishwick, Floyd, 2004). The implementation of strategic planning is also another dimension that is very importantin strategic planning process. Veettil (2008), proved that implementing strategic planning properly would assist firms to achieve better performance. Additionally, time horizon is also considered as a key dimension of strategic planning which is able to improve the performance of the organization. Smith (1998), proved that there is a positive relationship between time horizon and organizational performance. Mitchel more and Rowley (2013), through their study, has recommend firms to lengthen their time horizon of strategic planning in order to gain better performance. Another dimension of strategic planning is the control of planning (Kraus, et al, 2006). Wijewardena, Zoysa, Fonseka and Perera (2004) suggested that by engaging control mechanism to the strategic planning, firms are able to achieve better performance. Based on studies by previous scholars, dimensions of strategic planning (formality, tools of strategic planning, employee participation, implementation of planning, time horizon and control of strategic planning) have proven their important contribution for achieving better firm performance.

There is no doubt that strategic planning has a direct impact on organizational performance. For success, a company must have clear vision, goals and realistic work plan to achieve these goals. Employees, who are the principal implementers must be actively involved in the planning and implementation of strategy. Management must control the implementation of the strategy and a reasonable time frame should be applied. The time period should however not be too long because given the dynamic environment that companies operate, variables may change and present a risk of the strategic plan being obsolete. Resources should be availed to enable implementation without drawbacks. Having a formal plan is good to give a clear sense of direction but there should also be room for review in case some elements of the strategic plan are affected by changing environmental factors.

THE STRATEGIC APPROACH TO PLANNING

Crosby (1991) argues that for managers and employees to effectively carry out strategic planning, they should adopt the strategic approach or mentality. This consists of four main elements. First, the strategic approach is oriented toward the future. It recognizes that the environment will change. It is a long range orientation, one that tries to anticipate events rather than simply reactas they occur. The approach leads the manager to ask where his/her organization wants to be after a certain period, what it will need to get to where it wants, and how to develop strategies and the means to get there, and finally, how to manage those strategies to achieve the organization's goals and objectives. It is recognized that the future cannot be controlled, but the argument can be made that by anticipating the future, organization scan help to shape and modify the impact of environmental change.

Second, according to Crosby, the strategic approach has an external emphasis. It takes into account several components of the external environment, including technology, politics, economics and the social dimension. Strategic thinking recognizes that each of these can either constrain or facilitatean organization as it seeks to implement policy. Politics will determine the policies that are to be implemented, economics will determine the organization's level of resources, and social lf actors might well determine who the organization's beneficiaries will be. In particular, strategic thinking recognizes and emphatically takes into account politics and the exercise of political authority. Managers are not free to do anything they decide. Managers must be sensitive to the needs and respond to demands of constituents over whom they have little or no control. Among those constituents, political actors are perhaps the most important. Practically, this can be seen in Kenya especially during election season. Whenever the general elections are close, political temperatures rise and this affects businesses. There is always the looming fear of post-election violence caused by dissatisfaction of either party by the poll results. The latest instance is where a political outfit instructed its members to boycott products of some companies. These companies were accused of supporting their rivals. The affected companies had a rough time since the political party had a huge influence over its supporters.

Third, the strategic approach concentrates on assuring a good fit between the environment and the organization (including its mission and objectives, strategies, structures, and resources) and attempts to anticipate what will be required to assure continued fit. Under conditions of rapid political, economic and social change, strategies can quickly become outmoded or no longer serve useful purposes; or the resources traditionally required by the organization to produce its goods and services may suddenly become unavailable. The strategic approach recognizes that to maintain a close fit with the environment, the different elements of the organization will need to be continuously re-assessed and modified as the environment evolves.

Finally, the strategic approach is a process. It is continuous and recognizes the need to be open to changing goals and activities in light of shifting circumstances within the environment. It is a process that requires monitoring and review mechanisms capable of feeding information to managers continuously. Strategic management or planning are not one-shot approaches, they are ongoing. The telecommunication industry is a good example. Years back communication was through fax and letters. Then came telephones and phone booths. Innovation gave rise to mobile phones which had basic applications. Nowadays we have touch screen mobile phones with all kinds of applications. An organization in this industry like Nokia, Motorolla and Samsung have to be alive to the fact of ever changing technology and innovation. They should be flexible enough in their plans so that they do not invest heavily on technology that becomes obsolete after a very short while without making adequate returns.

THE STRATEGIC PLANNING PROCESS

Crosby provided a guide on the strategic planning process. First, there should be agreement on and initiation of the strategic management process. It should be clear how, when and by whom it will be carried out. There should be commitment by the top decision makers and those with direct responsibility of implementation, those with a major stake in the outcome of the policy like suppliers and those with specialized knowledge that can add value in formulation and implementation of the policy.

Then follows identification and clarification of the organization's mission, objectives, and current strategies. This explain who the organization is, what it does and where it is going. We also determine the needs that the organization wants to satisfy and the value created to the organization by satisfying these needs.

Next is identification of the organization's internal strengths and weaknesses. Examining the company's skill base, capital and financial resources.

What follows is assessment of the threats and opportunities from the external environment. Political, economic, social, and technological changes will influence the direction and shape of an organization's policies and objectives

Identification of key constituents/ stakeholders and their expectations is the next step. The expectations and demands of constituents are key ingredients for decisions about what an organization will do and how it goes about carrying out its tasks. It is however risky to try to consider each and every actor who might have some interest or influence in the organization. The analyst should take care to assure that only those that can have a realistic and reasonably significant impact are considered in the stakeholder analysis

From the information gathered in the previous steps, identify the key strategic issues confronting the organization. These may touch on the mission, products, financing or even clients. This will assist in developing strategies for their treatment.

Naturally, the next step is to design, analyze and select the strategy alternatives and options to manage issues identified. Once options are generated, they must be examined for their comparative viability, feasibility, and desirability. Desirability has to do with the fit of organizational and environmental values and objectives with the strategy.

Then follows implementation of strategy. Crosby divides this into two parts. The first part is the development of an action plan, which is a statement of what, who, when, and how the actions necessary to carry out the strategy will be done. Performance goals and objectives will also be specified. The second part of implementation consists of actions aimed at marshaling and applying resources. In the context of policy change these actions may consist of(but are not limited to), changes in organizational structures, shifts and reclassification of personnel, the establishment of new routines, tasks, and procedures;

installation of new incentive systems; retooling production for new products or services; marketing of new services or creation of demand among new beneficiaries or consumers; development of new financing mechanisms; organizing coalitions to maintain political, budgetary, and beneficiary support; and developing collaborative mechanisms with cooperating organizations.

Finally, Monitoring and review of the strategy's performance. Mechanisms must be developed for monitoring and analyzing the performance of the organization with respect to achieving the goals and objectives set in the action plan. The monitoring process should be continuous, regular, and capable of feeding into the decision-making process. The manager should develop control mechanisms to gauge the efficiency of resources used and impact mechanisms to gauge the effectiveness of its actions. Finally, it is vital that the monitoring process be timely and usable.(Crosby,1991.)

Rezvani et al (2011) summarizes the strategic planning process into six key steps. It all begins with formulation of organization mission. This gives the purpose of the business. The mission of every organization is actually the main reason for founding and establishing of that organization and it represents the existential philosophy of that organization (Rezaian, 2008). The mission of an organization determines the future objectives and executive activities of that organization. Therefore, the mission is a unique fundamental object which distinct organization from other similar organizations and determines its operation range in terms of product, technology, and market. Formulation of such a mission should be done in a way that the values and strategic decision makers' priorities and preferences should be reflected in it (Pearce and Robinson, 2009).

It is important however to set the vision as well so that the company has a long term strategic direction and destination.

The next step is setting of main and specific goals. Clear and time specific goals must be set so as to achieve the mission. These are the basis of planning, policy making and setting performance standards hence should be carefully crafted as they determine the success of the strategy.

Thereafter, evaluation of organizational resources and environmental opportunities and threats is done. SWOT analysis is used to identify strengths and weaknesses internally as well as risks and opportunities in the external environment. This will make the company know its position and capabilities.

After environment analysis, the strategy is now formulated. Strategy here is used as a tool to align the characteristics of the company with the challenges posed by its external environment. Porter declared that "strategy is the creation of a unique and valuable position, involving a different set of activities. If there were only one ideal position, there would be no need for strategy. Therefore, the essence of strategic positioning is to choose activities that are different from rivals. At general management's core is strategy: defining a company's position, making trade-offs, and forging fit among activities (Porter, 1996).

According to Rezvani et al (2011) after strategy formulation, its implementation must be programmed. Best formulated strategies without correct implementation don't have practical value. Also successful implementation of these strategies will depend on suitable support from the planning systems. The managers and operators in the organization require varying amounts and kinds of information for discernment of strategically-based opportunities, threats, strengths, and weaknesses (Brock and Barry, 2003).

The final step according to Rezvani is strategy evaluation. To determine how much the goals are achieved, implemented strategies should be monitored and controlled. Strategy evaluation involves review of main principles of organization's strategy, comparison of expected results with actual results and taking corrective actions to ensure the accuracy of performance and operating based on plans.

The approach by Rezvani is brief and concise. However, improvement can be made between the second and third step. After setting out the company mission and vision, it is more appropriate to do environmental scanning. This will give the position of the company in terms of strengths, weakness, opportunities and threats. After understanding the firm's capabilities is when you set long and short term objectives or goals.

Sosiawani (2015) has attempted to explain the strategic planning process by summarizing the findings of some researchers. Strategic planning which is viewed as a tool of management is useful in setting of long term objectives of the firm and the generation of plans that will lead to its achievement. Goals are determined as well as the means to actualize them and this helps managers look and think of the big picture rather than daily operational activities. Thus, it can be concluded that strategic planning is the process to determine the long-term goals and the objectives of the organization and determine the guidelines and procedures to attain them (Sosiawani, 2015.)

The main activities in strategic planning that Sosiawani has quoted in Al-Shaikh (2001)include generating information, ensuring thorough consideration of all feasible options, forcing the company to evaluate its environment, stimulating new ideas, increasing motivation and enhancing internal communication and interaction. Long- term planning is important not only for small businesses but also for large businesses. Strategic planning ena bles organizations to capitalize on the opportunities tha tliein the future and be able to prevent the threats it contains (Steiner, 1967, p. 4). The study by Kraus et al., (2009, p. 3), illustrated that "strategic planning is the attempt to prepare for future contingencies and thus to account for environmental dynamics and complexity".

Sosiawani has not been very detailed on the strategic planning process in terms of showing which action precedes the other and the responsible party. There is no mention of the organization mission and vision as well as evaluation and monitoring.

CONCLUSION

Many authors have varied approaches on how the strategic planning process should be carried out. In spite of this, the importance of strategic planning is clear as elaborated by many researchers above. There is a general consensus that no company in the modern day and age can survive the current market without having and implementing a solid strategic plan. The mode of implementation should also not be with a fixed mind but rather it should be done while appreciating the ever changing environment in which the business operates.

Generally, some key activities must be carried out by way of strategic planning process. The organizational mission and vision must be clear. This gives the framework within which strategic planning takes place. Environmental scanning must also be carried out. This will give the firm a true reflection of itself in terms of its strengths, weaknesses, opportunities and threats. Once the company knows itself, it can now set objectives based on its capabilities. These objectives are both long and short term. Stakeholder mapping should also take place. Based on the objectives and goals, strategy is formulated. Various alternatives are examined and the best strategy is selected. What follows is implementation which is done through operational programs. Finally, monitoring and review on the strategy's performance is done so as to identify any loopholes and recommend improvement.

Due to the reality of a dynamic environment, an organization can only survive and realize the benefits of strategic planning by embracing flexibility. Through flexibility organizations are better prepared to cope with environmental turbulence, enhancing the influence of their strategic planning on performance (Rezvani, 2011.) the company should have operational flexibility where it adjusts to market conditions rapidly like offerings, product mix and production capacity. Financial flexibility is where a firm can gain access to as well as deploy financial resources instantaneously. It should also be easy to restructure when need arises as well as alter technological capacity in line with current market trends.

Rezvani further states that Managing Directors face increasingly dynamic, complex and unpredictable environments where technology, the nature of competition, globalization, industry boundaries and the rules of the game are changing dramatically. The degree and complexity of change in the current economic environment is forcing many companies to either think outside the box or risk losing out to their competitors. Eveready Kenya was once a big renown company in the dry cells market. It would make huge profits and had distributors across the country and even beyond borders. Market conditions changed and cheaper dry cells started coming in from China. Around the same time, technology started changing and people began using electric powered gadgets like radios and flashlights as opposed to those powered by dry cells. This did a lot of damage to Eveready's market and they had to shut down their plant in Nakuru. The management of Eveready should have read the signs early enough and formulated a strategy to counter this threat, either by diversification or early divestment to avoid making losses.

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